

## Message Text

CONFIDENTIAL

PAGE 01 TEGUCI 00955 121804Z

67

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 AGR-05 EB-07 COME-00 TRSE-00

OPIC-03 IGA-01 PA-01 PRS-01 USIA-06 SIL-01 LAB-04

STR-01 /046 W

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R 121724Z MAR 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 9475

INFO AMEMBASSY SAN JOSE

AMEMBASSY QUITO

C O N F I D E N T I A L TEGUCIGALPA 0955

E.O. 11652: GDS

TAGS: ETRD, HO

SUBJECT: STANDARD FRUIT POSITION IN HONDURAS

REF: STATE 039245

1. EMBASSY WILL COMPLY WITH REQUEST TO EVALUATE LIKELY GOH EXPECTATIONS REGARDING U.S. ASSISTANCE FOLLOWING STANDARD FRUIT PHASE-OUT OF BANANA OPERATIONS AND, IF NECESSARY, TAKE APPROPRIATE ACTION TO ASSURE GOH EXPECTATIONS ACCORD TO REALITY.

2. REFTTEL (AND CONCURRENT MEMCONS) LEFT US IN DARK CONCERNING STANDARD'S BROADER INTENTIONS. WE ARE UNCERTAIN WHY STANDARD HAS APPROACHED BOTH EMBASSY AND DEPARTMENT CONCERNING AID. ALSO UNCLEAR IS STANDARD'S INTENT RELATIVE TO AREAS OTHER THAN ISLETNAS AND COX CONCESSION. SPECIFICALLY, STANDARD'S POSITION RELATIVE TO REHABILITATION PROGRAM (ABOUT \$9 MILLION) ON OTHER AREAS SEEMS TO BE IN DOUBT.

3. CONCERNING ISLETAS, IF THE GOH DESIRES TO REHABILITATE AREA IT CAN DO SO, WE BELIEVE, WITH FINANCING AVAILABLE TO IT THROUGH INTERNATIONAL LENDING AGENCIES, VENEZUELA, OR BUDGETARY COMMITMENTS. STANDARD, WHICH HAS DISCUSSED A

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PAGE 02 TEGUCI 00955 121804Z

POSSIBLE JOINT VENTURE WITH GOH ON THE ISLETAS ACREAGE,

CERTAINLY UNDERSTANDS THAT FINANCING WOULD BE THE RESPONSIBILITY OF THE GOH. NEITHER THE COMPANY NOR THE UNION ARE OFFERING FINANCING. WE WONDER, SHOULD A JOINT VENTURE BE MUTUALLY AGREED, IF STANDARD WOULD OBJECT TO USE OF AID FUNDS. THIS IS A RHETORICAL QUESTION BUT POINTS OUT THE DIFFICULTY OF UNDERSTANDING STANDARD'S PRESENT POSITION. IF WAITE'S COMMENTS CONCERNING AID BAILING OUT THE GOH APPLY TO THE ENTIRE BANANA OPERATION OF STANDARD, THEN OTHER FACTORS ARE RELEVANT. WAITE TOLD THE EMBASSY AND AID THAT THE BOOK VALUE OF STANDARD OPERATION IS ABOUT \$20 MILLION. IN VIEW OF THE \$15 MILLION VENEZUELAN OFFER FOR CREDIT FOR AGRICULTURE AND \$106 MILLION OFFERED THROUGH THE VENEZUELAN INVESTMENT FUND (OIL), THE GOH IS IN A POSITION TO RESIST COERCION ON FINANCIAL GROUNDS WHATEVER PROJECTS AID MIGHT SUPPORT, PARTIALLY SUPPORT, OR REFUSE TO SUPPORT.

4. DURING WAITE'S DISCUSSION WITH EMBASSY AND AID FEB. 4, 1975, HE STATED HE DID NOT INTEND TO DISCUSS DURING THAT VISIT ANY PROBLEMS WITH THE GOH. AS BEST WE KNOW, HE DID NOT. HIS INTEREST IN THE AID PROGRAM IN HONDURAS WAS FULLY RESPONDED TO DURING THIS DISCUSSION. WAITE ALSO DISCUSSED DEBILITATING EFFECTS ON STANDARD OF THE EXPORT SURCHARGE ON BANANAS, BUT DID NOT ASK THAT HIS VIEW BE GIVEN TO THE GOH.

5. WE ARE LEFT WITH THE UNDERTONE THAT WAITE WANTS TO PIN DOWN THE GOH TO "STANDARD OR ELSE" OR "IF NOT STANDARD THEN NO AID ON (FORMER) STANDARD PROPERTIES."

6 COMMENT: EMBASSY VIEW OF ABOVE AND ESPECIALLY WAITE'S VISIT TO THE DEPARTMENT. STANDARD WOULD LIKE U.S. PRESSURE PLACED UPON GOH, THROUGH AID, TO REMOVE BANANA SURCHARGE. FOR REASONS BEST KNOWN TO STANDARD IT DOES NOT WISH TO ASK US DIRECTLY FOR SUCH REPRESENTATION. PERHAPS THE COMPANY'S ELLIPTICAL APPROACH IS BASED UPON ITS JUDGMENT OF GOH DECISION-MAKING PROCESS AND, PERHAPS, AN UNWILLINGNESS TO OFFER A "QUID PRO QUO" IN NEGOTIATIONS WITH THE GOH. THE MOST OBVIOUS "QUID PRO QUO" WOULD BE TO ASSUME OBLIGATIONS OF REHABILITATION INVESTMENT, ALTHOUGH PROBABLY EXCLUDING ISLETAS. AT THE MOMENT, WE DO NOT KNOW WHAT OBLIGATIONS IT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEGUCI 00955 121804Z

DOES HAVE. THESE TWO RECENT CONTACTS WITH STANDARD LEAVE US PUZZLED AS TO THE COMPANY'S MOTIVATIONS AND OBJECTIVES. WE WILL ATTEMPT TO SORT OUT SOME OF THESE DOUBTS WITH STANDARD'S LOCAL MANAGER, BUT CONTINUE TO BELIEVE THAT THE WHOLE SHOW IS BEING RUN IN SAN FRANCISCO, STANDARD'S FRONT OFFICE.  
SANCHEZ

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